1942

EIGHTY-NINTH

ANNUAL REPORT

OF THE

BOARD OF DIRECTORS

OF THE

CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

TO THE

STOCKHOLDERS

FOR THE YEAR ENDED DECEMBER 31, 1942

Burlington Route

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THE CLEVELAND PUBLIC LIBRARY

CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

DIRECTORS

Term expires 1943

JAMES CHARLES JAMES.....CHICAGO
CHARLES I. STURGIS.....CHICAGO
WALLACE C. WINTER.....CHICAGO

Term expires 1944

RALPH BUDD.....CHICAGO
CHARLES E. DENNEY.....ST. PAUL
FRANK J. GAVIN.....ST. PAUL

Term expires 1945

EDWARD FLYNN .....CHICAGO
GRENVILLE KANE .....NEW YORK
R. DOUGLAS STUART.....CHICAGO

EXECUTIVE COMMITTEE

RALPH BUDD.....CHAIRMAN

CHARLES E. DENNEY
EDWARD FLYNN
FRANK J. GAVIN
JAMES CHARLES JAMES
GRENVILLE KANE
WALLACE C. WINTER

GENERAL OFFICERS

RALPH BUDD .....*President, Chicago*
EDWARD FLYNN .....*Executive Vice President, Chicago*
LAWRENCE R. CAPRON.....*Vice President, Chicago*
JAMES CHARLES JAMES....*Vice President and General Counsel, Chicago*
HERBERT W. JOHNSON.....*Vice President and Comptroller, Chicago*
KARL W. FISCHER.....*Assistant to President, Chicago*
HARRY C. MURPHY.....*Assistant Vice President, Chicago*
BERT VICKERY .....*Treasurer and Assistant Secretary, Chicago*
EDITH JARVIS ALDEN.....*Secretary, Assistant Treasurer, and Transfer Agent, Chicago*
ARTHUR D. McLANE.....*Assistant Secretary, Chicago*
WALTER McFARLAND .....*Assistant General Counsel, Chicago*
ELDON MARTIN.....*General Solicitor, Chicago*
SHIRLEY L. PORTER.....*General Auditor, Chicago*
FRANK T. DARROW.....*Chief Engineer, Chicago*
WILLIAM W. HENDERSON..*Transfer Agent, Chicago*

NICHOLAS STOCKHAMMER, HARRY F. SMITH.....*Fiscal Agents, 2 Wall Street, New York*

WILLIAM H. VANDERCAR, JAMES B. REEVE, GRACE W. WINTERS.....*Transfer Agents, 2 Wall Street, New York*

STATE STREET TRUST COMPANY .....*Fiscal Agent and Transfer Agent, State and Congress Sts., Boston, Mass.*

The above were Directors and Officers as of December 31, 1942.

TO THE STOCKHOLDERS OF THE CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY:

The following is the report of your Board of Directors for the year ended December 31, 1942:

COMPARATIVE STATEMENT OF INCOME, YEARS ENDED DECEMBER 31

Percent of Ry. Oper. Revenue	1942	RAILWAY OPERATING REVENUES	1941	Percent of Ry. Oper. Revenue
79.72	$131,770,822.70	Freight	$ 94,874,258.93	80.74
11.56	19,100,283.26	Passenger	10,697,249.84	9.10
2.78	4,606,722.49	Mail	4,703,751.25	4.00
1.85	3,057,829.00	Express	1,770,275.02	1.51
1.78	2,940,418.61	All other transportation	2,849,668.05	2.42
1.97	3,251,751.60	Incidental	2,127,934.76	1.81
.34	561,497.58	Joint facility	498,217.44	.42
100.00	$165,289,325.24	Total railway operating revenues	$117,521,355.29	100.00
		RAILWAY OPERATING EXPENSES		
12.72	$ 21,025,234.96	Maintenance of way and structures	$ 16,959,394.20	14.43
14.59	24,106,233.40	Maintenance of equipment	19,816,531.31	16.86
1.82	3,009,617.68	Traffic	2,974,810.18	2.53
27.99	46,267,051.38	Transportation	39,526,885.80	33.64
1.27	2,093,874.03	Miscellaneous operations	1,390,991.15	1.18
1.76	2,913,684.83	General	2,621,734.43	2.23
		Transportation for Investment—Credit	Cr. 242,421.90	Cr. .20
60.15	$ 99,415,696.28	Total railway operating expenses	$ 83,047,925.17	70.67
39.85	$ 65,873,628.96	Net revenue from railway operations	$ 34,473,430.12	29.33
	$ 26,192,996.34	Railway tax accruals	$ 11,900,409.78	
	$ 39,680,632.62	Railway operating income	$ 22,573,020.34	
	Dr. 227,948.62	Hire of equipment—Net	Dr. 1,312,962.55	
	Dr. 2,279,000.76	Joint facility rents—Net	Dr. 2,125,052.74	
	$ 37,173,683.24	Net railway operating income	$ 19,135,005.05	
		OTHER INCOME		
	$ 790,588.44	Miscellaneous rent income	$ 784,668.63	
	557,536.50	Dividends and miscellaneous interest	411,479.61	
	28,207.21	Miscellaneous income	26,973.74	
	$ 1,376,332.15	Total other income	$ 1,223,121.98	
	$ 38,550,015.39	Total income	$ 20,358,127.03	
		MISCELLANEOUS DEDUCTIONS FROM INCOME		
	$ 91,582.90	Miscellaneous rents	$ 93,658.12	
	5,719.79	Separately operated properties—Loss	28,078.24	
	5,345.00	Miscellaneous income charges	6,791.07	
	$ 102,647.69	Total miscellaneous deductions	$ 128,527.43	
	$ 38,447,367.70	Income available for fixed charges	$ 20,229,599.60	
		FIXED CHARGES		
	$ 91,570.05	Rent for leased roads and equipment	$ 89,478.25	
	9,268,118.69	Interest on funded debt	9,334,464.76	
	290,672.57	Interest on unfunded debt	235,443.09	
	150,086.68	Amortization of discount on funded debt	151,071.85	
	$ 9,800,447.99	Total fixed charges	$ 9,810,457.95	
	$ 28,646,919.71	Income after fixed charges	$ 10,419,141.65	
		DISPOSITION OF NET INCOME		
	$ 5,125,161.00	Dividend appropriations of income	$ 3,416,774.00	
	$ 23,521,758.71	Income balance transferred to profit and loss	$ 7,002,367.65	

No excess profits taxes accrued or were payable for years 1942 or 1941.

STATISTICS OF OPERATIONS

ITEMS	1942	1941
Average mileage of road operated	9,077.68	9,036.00
Actual miles road operated, end of year	9,040.32	9,100.75
TRAIN-MILES		
Freight	16,665,178	15,400,705
Passenger	14,337,586	14,181,656
Total transportation service	31,002,764	29,582,361
Work service	233,581	172,360
LOCOMOTIVE-MILES		
Freight	18,150,902	16,488,230
*Passenger	12,063,630	11,601,757
Train and yard switching	7,746,307	7,219,697
Total transportation service	37,960,839	35,309,684
Work service	641,426	558,196
CAR-MILES		
Loaded freight cars	552,273,186	493,645,361
Empty freight cars	301,619,069	269,546,614
Sum of loaded and empty	853,892,255	763,191,975
Caboose	16,398,376	15,715,248
Total freight cars	870,290,631	778,907,223
Coach and combination passenger cars	29,552,213	27,339,822
Sleeping and parlor	27,468,271	23,267,184
Club, lounge, dining and observation	9,535,805	10,086,725
Other	36,536,572	37,569,352
Total passenger cars	103,092,861	98,263,083
Total transportation service	973,383,492	877,170,306
Work service	1,574,007	1,302,129
FREIGHT SERVICE		
Tons—revenue freight	49,260,890	38,121,460
Tons—revenue and non-revenue freight	55,876,532	43,902,216
Ton-miles—revenue freight	15,290,590,763	11,339,217,651
Ton-miles—revenue and non-revenue freight	17,060,262,000	12,992,857,200
PASSENGER SERVICE		
Passengers carried—revenue	11,274,951	8,544,569
Passenger miles—revenue	1,080,879,996	640,032,564

*Excludes mileage of combination motor passenger cars:

1942 — 2,580,600
1941 — 2,852,109

STATISTICS OF OPERATIONS—Continued

ITEMS	1942	1941
AVERAGES PER MILE OF ROAD		
Freight-train miles	1,877	1,726
Passenger-train miles	2,003	1,962
Transportation service train-miles	3,415	3,274
Transportation service locomotive-miles	4,182	3,908
Freight service car-miles	98,031	87,318
Passenger service car-miles	14,402	13,596
Freight revenue	$14,837.79	$10,635.71
Passenger service train revenue	$ 3,801.54	$ 2,428.13
Operating revenues	$18,208.32	$13,005.90
" expenses	$10,951.66	$ 9,190.78
Net operating revenue	$ 7,256.66	$ 3,815.12
Net railway operating income	$ 4,095.06	$ 2,117.64
Ton-miles—revenue freight	1,721,766	1,271,163
" " —all freight	1,921,036	1,456,541
Passenger-miles—revenue	150,995	88,560
AVERAGES PER TRAIN-MILE		
Loaded freight car-miles	33.14	32.05
Empty freight car-miles	18.10	17.50
Ton-miles—revenue freight	917.44	736.27
" " —all freight	1,023.71	843.65
Passenger train car-miles	7.19	6.93
Revenue passenger-miles	75.39	45.13
Freight revenue	$ 7.91	$ 6.16
Passenger service train revenue	$ 1.90	$ 1.24
Operating revenues	$ 5.33	$ 3.97
Operating expenses	$ 3.20	$ 2.81
Net operating revenue	$ 2.13	$ 1.16
AVERAGES PER LOADED FREIGHT CAR-MILE		
Ton-miles—revenue freight	27.69	22.97
" " —all freight	30.89	26.32
Freight revenue	$ .23860	$ .19218
AVERAGES PER CAR-MILE PASSENGER		
Passenger-miles—revenue	19.49	13.17
Passenger revenue	$ .34446	$ .22005
MISCELLANEOUS AVERAGES		
Miles hauled—revenue freight	310.40	297.45
" " —non-revenue freight	267.50	286.06
" " —all freight	305.32	295.95
" carried—revenue passengers	95.87	74.91
Revenue per ton of freight	$ 2.67496	$ 2.48874
" " ton-mile of freight	$ .00862	$ .00837
" " passenger	$ 1.69404	$ 1.25194
" " passenger-mile	$ .01767	$ .01671
Operating ratio	60.15	70.67

Throughout 1942, Burlington, in common with other railroads, handled satisfactorily a great volume of war traffic, both freight and passenger; men, munitions, and supplies for the armed forces; materials and equipment for the construction and operation of war plants and for the sudden shift of established industry to war production. The profound influences of the war on the business of the country and the life of the people were reflected in the transportation required. Freight and passengers were diverted to the railways from water, highway, and air transport, and new traffic routes were opened for raw materials and finished products. In any study or analysis of transportation data, due consideration should be given to the nature, as well as the volume, of the traffic handled. Obviously, this report does not reflect normal agricultural, industrial, or transportation trends or developments in the territory as our annual reports usually do.

Highlights of Burlington statistics are as follows, comparing 1942 with 1941, with 1938 the last full year before the impact of the war, and with the largest previous year:

Year	Revenue Ton Miles		Freight Revenue		Average Rate Per Ton Mile (cents)	
1942	15,290,590,763		$131,770,823		.862	
1941	11,339,217,651		94,874,259		.837	
1938	7,876,092,493		74,134,765		.941	
Largest previous year	14,162,605,344	(1918)	130,306,484	(1920)	1.163	(1921)

Year	Revenue Passenger Miles		Passenger Revenue		Average Fare Per Passenger Mile (cents)	
1942	1,080,879,996		$ 19,100,283		1.767	
1941	640,032,564		10,697,250		1.671	
1938	530,834,556		9,141,388		1.722	
Largest previous year	1,346,972,542	(1919)	36,442,335	(1920)	3.141	(1921)

Year	Total Taxes		Average Yearly Wages Per Employe		Net Income After Fixed Charges	
1942	$26,192,996		$2,181		$28,646,920	
1941	11,900,410		1,974		10,419,142	
1938	9,061,509		1,852		3,641,763	
Largest previous year	12,025,394	(1929)	1,837	(1920)	32,994,726	(1916)

These figures show that efficiency of railroad operation has increased to such an extent that freight and passengers can be carried profitably at lower rates, and with higher wages and taxes, provided the volume of traffic is large, as it was in 1942. Officers and employes of the Company realized the seriousness of the war and the importance of railroad transportation in winning it; there was fine cooperation also from the Army, Navy, and other services; all classes of shippers and receivers of freight were particularly helpful in prompt loading and unloading of cars and in many other ways supporting the efforts of the carriers. Orders of the Interstate Commerce Commission and

Office of Defense Transportation assisted in obtaining greater utilization of freight and passenger equipment. The tremendous capacity of the railroads and also what can be accomplished by cooperation of those who use, operate, and regulate them was demonstrated in 1942.

Although Burlington serves many war establishments and hundreds of large and small industries wholly or partially devoted to war work, the full effect of the war in increased volume of traffic did not reach this road as rapidly as it did some others. As the products of farms and mines assumed increasing importance in the war, however, the volume of Burlington traffic grew steadily. At the end of the harvest in 1942, there was more grain stored in Burlington territory than ever before. This constituted a vast reservoir of traffic which has been, and will be, drawn upon in increasing amounts throughout the coming year; the same is true of livestock. Increasing demands for coal likewise have eliminated the usual off-season dips in its production and shipment.

Because Burlington serves the "breadbasket" of the country, and because of its 22 principal gateways, it is a large user of box cars and supplies a large number to its connections. In compliance with recommendations of the Association of American Railroads, and with what its officers believed to be a fair contribution to the national freight car supply for handling war-time traffic, Burlington arranged in 1941 to build 3,925 additional cars in its own shops—2,875 closed cars and 1,050 open-top cars. Work was progressing when, on April 30, 1942, it was stopped by the War Production Board, after 1,828 closed and 50 open-top cars had been built. All the material was on hand fabricated, ready for erection of 172 box cars, but the work was "frozen" by government order until October 30, 1942, when permission was given to complete them. In addition, 350 open-top cars were built and 170 closed cars are being adapted for use by the Navy. At the end of 1942 there remained uncompleted 875 closed cars and 650 open-top cars. An order for 300 refrigerator cars was reduced to 100 cars.

Of even greater importance than cars is the supply of locomotives to handle the rising traffic. Burlington has had on order since early 1942, fifteen Diesel road engines and fifteen Diesel switchers, but none of these has as yet been delivered and it is uncertain when they may be obtained.

The Company has not been able to obtain as much rail as the present heavy traffic will necessitate if long sustained. Some shortage of manpower has been experienced, due to men entering the armed services and to a lesser extent leaving the railroad for the extraordinarily high wages in construction and operation of war plants.

In passing, it should be noted that inability to make expenditures which normally would be made with such great utilization of the property has resulted in abnormally low maintenance charges, which, in turn, distorts net income to some extent.

FINANCIAL:

During the year par amount of funded debt and equipment obligations were reduced $20,812,619, as follows:

Illinois Division Mortgage 3½% bonds purchased and retired	$6,341,000
Illinois Division Mortgage 4% bonds purchased and retired	4,652,000
Collateral Trust Notes retired	700,000
Equipment Trust of 1936, paid on principal	395,000
Equipment Trust of 1937, paid on principal	365,000
Equipment Trust of 1941, paid on principal	6,395,000†
Equipment Conditional Sales Contracts reduced	1,964,619

†Equipment Trust of 1941 for $9,387,000 covered construction of 3,925 freight cars. Due to Government restrictions only 1,878 cars were completed, necessitating redemption of $5,054,000 Trust Notes outstanding; $1,341,000 of Trust Notes were also retired on maturity date in 1942.

In addition, $800,000 First and Refunding Bonds, Series C, pledged under the Collateral Trust Loan of 1936 were released from the pledge and these bonds, together with $8,630,000 balance of the same issue held by the Company, were cancelled. Authority to issue $15,000,000 Series C bonds was, on request of the Company, terminated.

The year 1942 was the eighty-first consecutive year in which the Company paid a dividend. Net income available for dividends was equivalent to $16.77 a share on the capital stock and the dividend paid was $3.00 a share. Taxes accrued in 1942 were equal to $15.33 per share of capital stock.

The uncertainties of the times indicate the importance of maintaining a strong cash position. At the close of 1942 the Company had $30,371,944 cash and cash assets of which $14,876,600 were invested in War Bonds, tax notes, and other government securities.

RATE ADJUSTMENTS:

Effective in February and March, 1942, the Interstate Commerce Commission authorized increases in freight and passenger rates to offset, in part, wage increases granted employes in September and December, 1941. Estimated annual increase in wages is $8,662,000, while estimated annual increase from rate increases amounted to $7,007,000.

In December, 1942, the Office of Price Administration and the Secretary of Agriculture petitioned the Interstate Commerce Commission to cancel the rate increases of February and March.* The carriers contended that—

(1) During a long period of light traffic and inadequate earnings the railroads carried and improved a stand-by plant without compensation; a plant without which it would have been impossible to meet the

**The Interstate Commerce Commission, by a tie vote broken by Mr. Eastman, suspended these increases in freight rates and passenger commutation fares effective May 15, 1943.*

vital war requirements. This investment, and the lean years of the past, require recognition.

(2) Present rates are not high; the average charge per ton mile, for Class I Roads, is now lower than it has been for about twenty-five years. In contrast, the costs of labor, material, and supplies have increased substantially and the trend is still upward.

(3) The loss to the country through impairment of rail service would be many times the amount of the proposed rate reductions. It would be irreparable and the risk is very real in view of the uncertainty as to the war's duration.

(4) The railroads should be permitted to accumulate reserves for post-war restoration of their plant, which is being worn out rapidly under war traffic, and for retirement of debt. Such use of earnings would not be inflationary.

WAGE DEMANDS:

On September 25, 1942, the fourteen non-operating labor organizations and dining car employes served notice on the individual railroads of the country demanding a wage increase of 20 cents or more an hour, effective October 25, 1942. Demand was also made for a closed shop provision. On January 25, 1943, the operating brotherhoods served notice demanding a 30 per cent increase in basic rates of pay, with a minimum increase of $3.00 a day, to be effective March 1, 1943. Allowing for the effect upon income taxes, it is estimated that compliance with these requests would increase Burlington expenses approximately $15,000,000 a year. These cases are being heard by two panels of the National Railway Labor Emergency Board.

PENSIONS AND UNEMPLOYMENT INSURANCE:

In 1942 pensions and unemployment insurance amounted to $3,771,625, divided: $1,832,581 accrued for federal pension taxes, $94,037 supplementary pensions paid, $11,702 administrative expense, and $1,833,305 for federal unemployment insurance taxes.

RELIEF DEPARTMENT:

The annual report of the Relief Department (copy available on request) shows payments from the Relief Fund of $651,456 in disability and death benefits during the year.

CAPITAL EXPENDITURES:

Net increase in Capital Account during the year was as follows:

For road	Decrease	$4,520,286
For equipment	Increase	7,620,941
For general	Decrease	28,804
Net increase		$3,071,851

Branch line abandonment during the year was as follows:

	Miles
Baiotto Mine Spur, Mo., to So. Gifford, Mo.	7.10
Superior, Neb., to Nelson, Neb.	12.95
Benedict, Neb., to Stromsburg, Neb.	7.14
Salem, Neb., to Shubert, Neb.	10.87
Chester, Neb., to Hebron, Neb.	11.43
Total	49.49

A westward car retarder system was installed at Galesburg, Illinois, completing the modernization of that yard.

Centralized traffic control was installed between Aurora, Illinois, and Steward Junction, Illinois, 39.10 miles.

The Company spent approximately $7,033,582 during 1942 for equipment, extraordinary improvements, extensions, and rehabilitation work to handle war traffic.

ADDITIONS TO EQUIPMENT:

Built in Company shops:

20—50'6" 50-ton steel-sheathed box cars.
1,806—40'6" 50-ton steel-sheathed box cars.
400—53'6" 50-ton steel flat cars.
1—52' 50-ton steel flat car.
1—Mechanical instruction car.

Converted in Company shops:

3—Combination passenger and baggage cars to baggage cars.
1—Lounge car to chair car.
2—Parlor cars to coaches.
18—Box cars to box way cars.

Purchased:

100—40' 40-ton refrigerator cars (leased to Burlington Refrigerator Express Company, a subsidiary company).

AGRICULTURE:

Crops were unusually good in 1942. In states served by Burlington, wheat production increased 18.0% (80,462,000 bushels) over the year 1941 and 41.8% over the ten-year (1930-1939) average. Other increases over the previous year include corn 24.5%, soybeans 84.1%, barley 1.7%, oats 16.7%, potatoes 10.1%, sugar beets 12.6%. These increases in production, together with higher prices, greatly increased farm income. New loans to farmers from government agencies continued to decline and outstanding loans to farmers by governmental agencies decreased 14.5% to a total of $1,304,470,625 at the close of the year in states served by Burlington.

Wheat estimated to be in storage on farms and in interior mills and elevators at the close of the year was 409,702,000 bushels, an increase of 44.9% over the previous year. Farm storage of corn increased 14.3% (19,189,000 bushels), oats 19.8% (102,188,000 bushels). At the close of the year cattle on farms had increased 4.3% and swine 25.0%, while sheep had decreased 1.7% compared with 1941.

BURLINGTON TRANSPORTATION COMPANY:

Bus Division	1942	1941
Highway miles operated	8,104	8,035
Bus miles operated	16,580,120	14,760,710
Gross revenue	$4,944,918	$2,793,871
Operating expenses	$3,065,800	$2,380,644
Taxes	$1,438,702	$ 290,632
Net income	$ 440,647	$ 122,232
Truck Division		
Highway miles operated	4,962	3,998
Truck miles operated	6,505,527	4,842,859
Gross revenue	$1,580,001	$1,150,905
Operating expenses	$1,343,378	$ 972,832
Taxes	$ 198,298	$ 126,513
Net income	$ 25,506	$ 51,265

In 1942 the combined operation resulted in federal excess profits taxes of $1,222,098, subject to a post-war refund of $122,210.

GENERAL:

During the year officers and employes have responded splendidly to the appeals for purchase of War Bonds, contributions to the Red Cross and other charitable and relief organizations. Approximately 85% of Burlington employes are regularly purchasing War Bonds through payroll deductions.

The Burlington sponsored the commissioned officer personnel of the 745th Railway Operating Battalion, Transportation Corps of the Army, nineteen Burlington officers volunteering for this service. As of December 31, 1942, there were 3,570 officers and employes in the war services.*

By order of the Board of Directors.

RALPH BUDD, *President.*

**The 745th Battalion was activated on April 15, 1943. The number of officers and employes who had entered the service as of March 31, 1943, was 4,425.*

INVESTMENT IN ROAD AND EQUIPMENT
CURRENT YEAR

Account		Additions and Betterments
Engineering	Cr.$	85,855.89
Land for transportation purposes	Cr.	297,975.06
Other R. O. W. expenditures	Cr.	512.44
Grading	Cr.	2,061,701.78
Tunnels and subways	Cr.	4,967.20
Bridges, trestles and culverts		84,383.50
Ties	Cr.	330,823.71
Rails		19,006.46
Other track material		473,890.94
Ballast		168,766.84
Track laying and surfacing	Cr.	87,773.67
Fences, snow sheds and signs		103,548.57
Crossings and signs	Cr.	837,648.14
Station and office buildings	Cr.	424,078.62
Roadway buildings	Cr.	148,361.60
Water stations	Cr.	246,604.09
Fuel stations	Cr.	53,822.65
Shops and engine houses	Cr.	881,580.45
Wharves and docks	Cr.	9,461.58
Telegraph and telephone lines	Cr.	1,939.51
Signals and interlockers		436,443.43
Power plants	Cr.	33,320.15
Power transmission systems	Cr.	50,486.57
Miscellaneous structures		23,846.57
Roadway machines	Cr.	855.39
Roadway small tools		846.47
Public improvements—Construction		283,148.78
Other expenditures—Road		23.51
Shop machinery	Cr.	502,205.61
Power plant machinery	Cr.	54,217.10
Total expenditures for road	Cr.$	4,520,286.14
Steam locomotives	Cr.$	175,698.20
Other locomotives		7,856.51
Freight-train cars		7,661,332.91
Passenger-train cars	Cr.	183,376.64
Work equipment		281,995.10
Miscellaneous equipment		28,831.11
Total expenditures for equipment	$	7,620,940.79
General officers and clerks	Cr.$	4.00
Taxes	Cr.	4.00
Interest during construction	Cr.	28,795.82
Total general expenditures	Cr.$	28,803.82
Grand total	$	3,071,850.83

"Cr."—Credits due to retirements.

EQUIPMENT

CLASS	Number on Dec. 31, 1941	Number Added During Year	Number Retired During Year	Number on Dec. 31, 1942	Average tractive power all locomotives and average capacity all freight cars
Locomotives—Steam	978	.....	22	956	.....
Other locomotives	68	.....	.....	68	.....
Total locomotives	1,046	.....	22	1,024	Lbs. 51,116
Freight-train cars—Box cars	23,173	1,826	876	24,123	.....
Flat cars	1,455	401	86	1,770	.....
Stock cars	3,477	.....	12	3,465	.....
Gondola and Hopper (Open and closed tops)	14,566	.....	80	14,486	.....
Caboose cars	569	.....	5	564	.....
All classes of freight-train cars	43,240	2,227	1,059	44,408	Tons 45.27
Pass.-train cars—Coaches	364	2	13	353	.....
Combination coach cars	54	.....	3	51	.....
Parlor cars	2	.....	.....	2	.....
Dining cars	31	.....	.....	31	.....
Club, lounge and observation cars	7	.....	1	6	.....
Postal cars	32	.....	1	31	.....
Baggage, express and other nonpassenger cars	283	3	5	281	.....
Total	773	5	23	755	.....
Passenger rail motor cars: Combination coach cars	20	.....	1	19	.....
Other passenger-train rail motor cars	20	.....	1	19	.....
Total	40	.....	2	38	.....
Number of articulated Zephyr trains	6	.....	.....	6	.....
Cars in articulated trains:‡ Coaches	8	2	.....	10	.....
Combination coach cars	12	.....	.....	12	.....
Parlor and sleeping cars	16	.....	12	4	.....
Other passenger-train cars	10	.....	.....	10	.....
Total	46	2	12	36	.....
All classes of pass.-train cars	859	7	37	829	.....
Company service equipment: Officers' and business cars	14	.....	.....	14	.....
Ballast cars	1,123	2	35	1,090	.....
Derrick cars	4	.....	.....	4	.....
Steam shovels	3	.....	.....	3	.....
Wrecking cars	18	.....	.....	18	.....
Other company service cars	2,614	249	150	2,713	.....
All classes of Co. service cars	3,776	251	185	3,842	.....
All classes of cars in service	47,875	2,485	1,281	49,079	.....

LEASED EQUIPMENT

CLASS OF EQUIPMENT	Number Under Lease on Dec. 31, 1941	Number Leased During Year	Number Withdrawn from Lease During Year	Number Under Lease on Dec. 31, 1942
Freight-refrigerator cars*	1,674	100	6	1,768
Freight-Stock cars†	200	.....	.....	200
Passenger-refrigerator cars*	30	.....	.....	30
Zephyr train No. 9901 cars#	4	.....	.....	4
Denver Zephyr-sleeping cars §	.....	10	.....	10

‡10 cars not articulated.
*Leased to Burlington Refrigerator Express Company.
†Leased to Fort Worth and Denver City Railway Company.
#Leased to Burlington-Rock Island Railroad Company.
§Leased to Pullman Company.

GENERAL BALANCE SHEET

December 31, 1942

ASSETS

Investments:		
Road and equipment property		$618,893,398.38
Improvements on leased property		115,333.21
Deposits in lieu of mortgaged property sold		158,907.83
Miscellaneous physical property		6,332,521.84
Investments in affiliated companies:		
Stocks	$26,554,643.95	
Unsecured notes	2,609,676.24	
Investment advances	8,161,086.39	
		37,325,406.58
Other investments:		
Stocks	$ 3,695,451.14	
Bonds	5,762,046.88	
Other secured obligations	116,692.65	
Unsecured notes	61,351.82	
Investment advances	825.00	
		9,636,367.49
Total investments (capital assets)		$672,461,935.33
Current assets:		
Cash	$15,087,350.74	
Temporary cash investments	9,707,992.88	
Special deposits	916,205.11	
Loans and bills receivable	1,949.24	
Traffic and car-service balances—Net	122,561.21	
Net balance receivable from agents and conductors	3,025,016.04	
Miscellaneous accounts receivable	8,926,735.04	
Material and supplies	13,344,258.72	
Interest and dividends receivable	45,855.91	
Rents receivable	23,661.98	
Other current assets	285,085.36	
Total current assets		51,486,672.23
Deferred assets:		
Working fund advances	$ 37,566.80	
Other deferred assets	718,016.20	
Total deferred assets		755,583.00
Unadjusted debits:		
Insurance premiums paid in advance	$ 121,028.99	
Discount on funded debt	3,544,478.78	
Other unadjusted debits	6,038,928.22	
Total unadjusted debits		9,704,435.99
Grand total		$734,408,626.55

GENERAL BALANCE SHEET

December 31, 1942

LIABILITIES

Capital stock:		
Common stock		$170,839,100.00
Governmental Grants:		
Grants in aid of construction		1,463,374.29
Long-term debt:		
Funded debt unmatured:		
Illinois Division Mortgage 3½'s	$ 44,494,000.00	
Illinois Division Mortgage 4's	29,513,000.00	
General Mortgage 4's	93,414,000.00	
First & Refunding Mortgage Series "A" 5's	40,000,000.00	
First and Refunding Mortgage Series "B" 4½'s	30,000,000.00	
Serial Collateral Trust Notes, 2¼'s	2,800,000.00	
Equipment Trust Certificates of 1936, 2½'s	1,580,000.00	
Equipment Trust Certificates of 1937, 2½'s	1,825,000.00	
Equipment Trust Certificates of 1941, 1½'s	2,992,000.00	
Total issued	$246,618,000.00	
Less held by or for the company	29,217,000.00	
Total long-term debt outstanding		217,401,000.00
Current liabilities:		
Audited accounts and wages payable	$ 8,152,559.65	
Miscellaneous accounts payable	588,611.34	
Interest matured unpaid	853,001.40	
Unmatured interest accrued	2,320,612.45	
Accrued tax liability	21,773,405.46	
Other current liabilities	1,142,038.37	
Total current liabilities		34,830,228.67
Deferred liabilities:		
Other deferred liabilities		14,005,590.98
Unadjusted credits:		
Premium on funded debt	$ 26,833.25	
Insurance and casualty reserves	1,392,996.20	
Accrued amortization of defense projects—Road	46,369.55	
Accrued depreciation—Equipment	88,563,773.93	
Accrued amortization of defense projects—Equipment	2,180,687.50	
Other unadjusted credits	2,870,642.87	
Total unadjusted credits		95,081,303.30
Corporate surplus:		
Additions to property through income and surplus	$ 937,678.15	
Funded debt retired through income and surplus	44,044,176.95	
Sinking fund reserves	600.00	
Profit and loss	155,805,574.21	
Total corporate surplus		200,788,029.31
Grand total		$734,408,626.55

CAPITAL LIABILITIES OF THE CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

Designation of Obligation	Term		Total par value authorized	Total nominally or actually outstanding	Held by or for Company	Actually outstanding in hands of public	Dividends or Interest		
	Date of issue	Date of maturity					Rate	When payable	Dividends declared and interest accrued during year
CAPITAL STOCK	.....	.....	$170,839,100	$170,839,100	.....	*$170,839,100	3%	Dec. 22	$5,125,161.00
MORTGAGE BONDS									
Illinois Division Mortgage	July 1, 1899	July 1, 1949	$ 50,835,000	$ 44,494,000	$ 661,000	$ 43,833,000	3½	J. & J.	$1,710,169.20
Illinois Division Mortgage	July 1, 1899	July 1, 1949	34,165,000	29,513,000	189,000	29,324,000	4	J. & J.	1,327,217.81
General Mortgage	Mar. 2, 1908	Mar. 1, 1958	93,414,000	93,414,000	† 28,167,000	65,247,000	4	M. & S.	2,609,880.00
First and Refunding Mortgage:									
Series A	Aug. 1, 1921	Feb. 1, 1971	40,000,000	40,000,000	.....	40,000,000	5	F. & A.	2,000,000.00
Series B	Feb. 1, 1927	Feb. 1, 1977	30,000,000	30,000,000	200,000	29,800,000	4½	F. & A.	1,341,000.00
Total	.....	.....	$248,414,000	$237,421,000	$ 29,217,000	$208,204,000	.....	.....	$8,988,267.01
SERIAL COLLATERAL TRUST NOTES	Dec. 1, 1936	$700,000 Dec. 1 each year to 1946	$ 7,000,000	$ 2,800,000	.....	$ 2,800,000	2¼	J. & D.	$ 77,437.50
EQUIPMENT OBLIGATIONS									
Equipment Trust of 1936	May 1, 1936	$395,000 May 1 each year to 1946	$ 3,950,000	$ 1,580,000	.....	$ 1,580,000	2½	M. & N.	$ 42,791.68
Equipment Trust of 1937	Oct. 1, 1937	$365,000 Oct. 1 each year to 1947	$ 3,650,000	$ 1,825,000	.....	$ 1,825,000	2½	A. & O.	$ 52,468.75
Equipment Trust of 1941	Aug. 1, 1941	§	$ 9,387,000	$ 2,992,000	.....	$ 2,992,000	1½	F. & A.	$ 107,153.75
Total Funded Debt	.....	.....	$272,401,000	$246,618,000	$29,217,000	$217,401,000	.....	.....	$9,268,118.69

*Includes $400 scrip on which no dividends are paid.

†Includes $18,294,000 bonds pledged under First and Refunding Mortgage, $7,873,000 bonds pledged as collateral security for Serial Collateral Trust Notes and $2,000,000 bonds pledged as collateral to secure performance by The Colorado and Southern Railway Company of obligations under agreement with Reconstruction Finance Corporation in connection with extension of maturity of its Refunding and Extension Bonds, May 1, 1935 to May 1, 1945.

§$498,000 August 1, 1943 and 1944 and $499,000 August 1, 1945 to 1948 inclusive.

Payments on principal of bonds, collateral trust notes and equipment obligations during the year amounted to $18,848,000 (See Page 10).

EQUIPMENT CONDITIONAL SALE CONTRACTS OF CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

	Date of Issue	Payments of Principal Due	Total Purchase Price	Payment on Delivery	Deferred Payments	Actually Out-standing	Interest		
							Rate	When Payable	Interest Accrued During Year
National Bank of Detroit	Apr. 29, 1940	1st each month to Nov. 1948	$ 592,806	.....	$ 592,806	$ 429,698	1¾%	1st of each month	$ 8,069.48
Harris Trust and Savings Bank, Chicago, Trustee-Owner	Aug. 28, 1940	Quarterly Mar. 1, June 1, Sept. 1 and Dec. 1 to Sept. 1950	2,713,626	$269,509	2,444,117	1,991,505	2¼	1st of each quarter	47,944.42
National Bank of Detroit	Dec. 19, 1940	1st each month to Feb. 1951	2,277,453	.....	2,277,453	1,887,124	1⅝	1st of each month	32,266.87
Manufacturers Trust Co. New York	Feb. 28, 1941	19th of each month to May 1951	849,295	34,197	815,098	693,272	2	19th of each month	14,683.86
The Northern Trust Co. Chicago and S. A. Weaver Co-Trustees-Owners	Mar. 8, 1941	1st of each month to Dec. 1949	5,713,900	571,390	5,142,510	4,494,532	1¾	1st of each month	80,550.49
First National Bank of Chicago	May 1, 1941	Quarterly Feb. 1, May 1, Aug. 1 and Nov. 1 to May 1948	5,916,598	511,650	5,404,948	3,848,627	2	1st of each quarter	83,404.48
Total Conditional Sale Contracts	.....	.....	.....	.....	.....	$13,344,758			$266,919.60

Payments of principal on contracts during the year amounted to $1,964,619.

Conditional Sale Contracts are included in balance sheet account "Other Deferred Liabilities."

DESCRIPTION OF MORTGAGES

The total par value of unmatured funded debt actually or nominally outstanding is:

Actually outstanding in hands of public	$217,401,000
Nominally outstanding, held for or by the company	29,217,000
	$246,618,000

Illinois Division Mortgage

This mortgage is a first lien on 1,600.60 miles of this Company's main and branch lines situated in the states of Illinois, Wisconsin and Minnesota and on the Company's terminals in Chicago and certain points on and east of the Mississippi River.

This mortgage is also secured by the deposit with the trustee of 7,000 shares of the capital stock of the Chicago Union Station Company.

These bonds may be redeemed, as a whole, by the company on six months' notice, at 105 and accrued interest, upon any interest day.

$6,341,000 3½% bonds and $4,652,000 4% bonds reacquired during year and cancelled.

General Mortgage

This mortgage is a lien on 7,917.67 miles of this Company's main and branch lines, including terminals, property and equipment appurtenant thereto, situated in the states of Illinois, Wisconsin, Minnesota, Iowa, Missouri, Nebraska, Kansas, Colorado, South Dakota, Wyoming and Montana, subject, as to a certain part, to the lien of the Illinois Division Mortgage.

	Miles
The General Mortgage covers	7,917.67
Of which there are subject to the prior lien of the Illinois Division Mortgage	1,600.60

This mortgage is also secured by the deposit, with the trustee, of 305,262 shares of the capital stock of The Colorado and Southern Railway Company.

No provision in mortgage for redemption of bonds.

No Change in Amount Outstanding During Year

First and Refunding Mortgage

This mortgage is a lien on 8,400.18 miles of this Company's main and branch lines situated in the states of Illinois, Wisconsin, Minnesota, Iowa, Missouri, Nebraska, Kansas, Colorado, South Dakota, Wyoming and Montana, and on all terminals, property and equipment appurtenant thereto. This lien is subject to the prior liens of the mortgages described above:

	Miles
The Mortgage covers	8,400.18
Of which there are subject to prior liens	
Of the Illinois Division Mortgage and the General Mortgage	1,600.60
Of the General Mortgage only	6,317.07

As further security for bonds issued under this mortgage, there are pledged all right and title of this Company to the stock, which it now owns, of bridge, depot and terminal companies, and of the Davenport, Rock Island and North Western Railway Company and The Colorado and Southern Railway Company (305,262 shares of the latter being subject, also, to the lien of the General Mortgage and 7,000 shares of the Chicago Union Station Company being subject to lien of the Illinois Division Mortgage); also $18,294,000 General Mortgage bonds.

Bonds issued under this mortgage may be redeemed, as a whole, by the Company on sixty days' notice, on any interest date, as follows:

Series A at 107½ and accrued interest, February 1, 1942, to August 1, 1951; at 105 and accrued interest, February 1, 1952, to August 1, 1961; at 103 and accrued interest, February 1, 1962, to August 1, 1970.

Series B at 105 and accrued interest, February 1, 1952, to August 1, 1966; at 103 and accrued interest, February 1, 1967, to August 1, 1976.

$800,000 Series C bonds, pledged under the Collateral Trust Notes of 1936 were released during year, and these bonds, together with the $8,630,000 held by the Company were cancelled.

MILEAGE

Owned	Miles of Road	Second Track	Third Track	Fourth Track	Yard Tracks and Sidings*	Total
Colorado	395.43	.47			167.34	563.24
Illinois	1,615.65	388.27	40.89	5.43	1,043.50	3,093.74
Iowa	1,154.82	249.62			296.15	1,700.59
Kansas	221.85				23.92	245.77
Minnesota	23.09	2.71			37.92	63.72
Missouri	1,167.97	112.82			389.16	1,669.95
Montana	134.36				47.98	182.34
Nebraska	2,717.29	29.53			769.04	3,515.86
South Dakota	174.61				58.28	232.89
Wisconsin	220.25	212.85			63.28	496.38
Wyoming	677.78				218.11	895.89
Total	8,503.10	996.27	40.89	5.43	3,114.68	12,660.37
Operated under lease or contract	537.22	125.72	.76	.76	408.70	1,073.16
Grand Total	9,040.32	1,121.99	41.65	6.19	3,523.38	13,733.53

*Includes yard tracks and sidings owned but not operated as follows: Illinois 1.11 miles, Iowa .71 mile, total 1.82.

COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31

	1942	1941	Increase	Decrease
RAILWAY OPERATING REVENUES—				
TRANSPORTATION:				
Freight	$ 131,770,822.70	$ 94,874,258.93	$ 36,896,563.77	
Passenger	19,100,283.26	10,697,249.84	8,403,033.42	
Baggage	34,158.77	29,136.58	5,022.19	
Parlor and chair car	94,357.23	61,060.81	33,296.42	
Mail	4,606,722.49	4,703,751.25		$ 97,028.76
Express	3,057,829.00	1,770,275.02	1,287,553.98	
Other passenger-train	102,480.49	98,942.65	3,537.84	
Milk	217,094.84	188,038.48	29,056.36	
Switching	2,492,327.28	2,472,489.53	19,837.75	
Total	$ 161,476,076.06	$ 114,895,203.09	$ 46,580,872.97	
INCIDENTAL:				
Dining and buffet	$ 1,323,194.09	$ 697,571.95	$ 625,622.14	
Hotel and restaurant	91,505.46	67,894.01	23,611.45	
Station and train privileges	38,228.22	29,954.41	8,273.81	
Parcel room	1,489.90	795.85	694.05	
Storage—Freight	15,547.75	13,230.65	2,317.10	
Storage—Baggage	4,282.88	2,291.58	1,991.30	
Demurrage	320,377.14	257,547.59	62,829.55	
Telegraph and telephone	170,685.87	148,769.00	21,916.87	
Stockyard	365,703.58	169,862.17	195,841.41	
Power	86,332.71	83,963.37	2,369.34	
Rents of buildings and other property	229,867.33	216,208.96	13,658.37	
Miscellaneous	604,536.67	439,845.22	164,691.45	
Total	$ 3,251,751.60	$ 2,127,934.76	$ 1,123,816.84	
Joint facility—Cr.	$ 568,338.29	$ 505,009.17	$ 63,329.12	
Joint facility—Dr.	Dr. 6,840.71	Dr. 6,791.73		$ 48.98
Total	$ 561,497.58	$ 498,217.44	$ 63,280.14	
Total railway operating revenues	$ 165,289,325.24	$ 117,521,355.29	$ 47,767,969.95	

RAILWAY OPERATING EXPENSES— MAINTENANCE OF WAY AND STRUCTURES				
Superintendence	$ 1,373,634.53	$ 1,172,708.91	$ 200,925.62	
Roadway maintenance	1,340,857.73	947,136.29	393,721.44	
Tunnels and subways	13,913.46	12,789.75	1,123.71	
Bridges, trestles and culverts	655,408.71	588,364.08	67,044.63	
Ties	3,553,756.00	3,063,032.80	490,723.20	
Rails	634,649.62	677,937.03		$ 43,287.41
Other track material	1,212,677.00	1,393,195.97		180,518.97
Ballast	416,999.03	324,155.95	92,843.08	
Track laying and surfacing	5,814,806.16	4,367,527.32	1,447,278.84	
Fences, snow sheds and signs	207,699.62	204,535.70	3,163.92	
Station and office buildings	967,714.64	604,215.63	363,499.01	
Roadway buildings	106,389.28	105,197.08	1,192.20	
Water stations	351,830.45	195,319.99	156,510.46	
Fuel stations	151,787.41	127,004.16	24,783.25	
Shops and engine houses	1,003,393.39	576,296.98	427,096.41	
Wharves and docks	1,785.99	5,771.53		3,985.54
Telegraph and telephone lines	83,412.64	88,265.71		4,853.07
Signals and interlockers	1,010,673.18	590,429.50	420,243.68	
Power plants	44,849.56	9,361.76	35,487.80	
Power-transmission systems	68,596.82	41,432.15	27,164.67	
Miscellaneous structures	44,761.45	22,640.93	22,120.52	
Roadway machines	215,184.56	323,834.05		108,649.49
Road—Amortization of defense projects	40,760.54	5,609.01	35,151.53	
Small tools and supplies	255,556.16	225,526.50	30,029.66	
Removing snow, ice and sand	214,964.86	125,942.69	89,022.17	
Public improvements—Maintenance	208,542.15	224,412.40		15,870.25
Injuries to persons	129,392.69	88,339.96	41,052.73	
Insurance	30,130.69	14,818.99	15,311.70	
Stationery and printing	20,387.34	20,104.58	282.76	
Other expenses	170,547.42	5,644.79	164,902.63	

COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31 — Cont.

	1942	1941	Increase	Decrease
Maintaining joint tracks, yards and other facilities–Dr.	$ 921,448.46	$ 1,043,856.67		$ 122,408.21
Maintaining joint tracks, yards and other facilities–Cr.	Cr. 241,674.58	Cr. 237,400.58		4,274.00
Right-of-way expenses	398.00	1,385.92		987.92
Total maintenance of way and structures	$ 21,025,234.96	$ 16,959,394.20	$ 4,065,840.76	
MAINTENANCE OF EQUIPMENT				
Superintendence	$ 721,197.50	$ 680,756.60	$ 40,440.90	
Shop machinery	815,436.89	552,781.09	262,655.80	
Power-plant machinery	129,476.96	80,364.93	49,112.03	
Steam locomotives —Repairs	5,368,208.92	5,091,235.08	276,973.84	
Other locomotives —Repairs	653,459.35	472,820.47	180,638.88	
Freight-train cars —Repairs	6,308,457.99	4,805,132.87	1,503,325.12	
Passenger-train cars —Repairs	1,930,368.81	1,683,262.55	247,106.26	
Work equipment —Repairs	437,091.52	498,826.38		$ 61,734.86
Miscellaneous equipment —Repairs	10,742.45	9,314.71	1,427.74	
Equipment—Retirements	23,818.92	11,799.93	12,018.99	
Injuries to persons	106,807.80	93,666.51	13,141.29	
Insurance	65,240.99	58,820.21	6,420.78	
Stationery and printing	11,870.76	12,900.03		1,029.27
Other expenses	277,863.87	7,188.75	270,675.12	
Maintaining joint equipment —Dr.	194,440.07	256,825.41		62,385.34
Maintaining joint equipment —Cr.	Cr. 32,290.84	Cr. 30,691.36		1,599.48
Total excluding depreciation and amortization	$ 17,022,191.96	$ 14,285,004.16	$ 2,737,187.80	
Equipment —Depreciation	$ 5,194,115.04	$ 5,239,668.01		$ 45,552.97
Equipment—Amortization of defense projects	1,889,926.40	291,859.14	$ 1,598,067.26	
Total maintenance of equipment	$ 24,106,233.40	$ 19,816,531.31	$ 4,289,702.09	

TRAFFIC				
Superintendence	$ 909,132.49	$ 837,776.69	$ 71,355.80	
Outside agencies	1,457,425.97	1,426,134.14	31,291.83	
Advertising	352,189.67	420,795.22		$ 68,605.55
Traffic associations	88,241.64	78,212.86	10,028.78	
Industrial and immigration bureaus	37,768.78	37,519.31	249.47	
Insurance	121.16	430.69		309.53
Stationery and printing	154,481.03	157,340.31		2,859.28
Other expenses	10,256.94	16,600.96		6,344.02
Total traffic	$ 3,009,617.68	$ 2,974,810.18	$ 34,807.50	
TRANSPORTATION				
Superintendence	$ 1,146,394.82	$ 981,100.87	$ 165,293.95	
Dispatching trains	621,595.48	543,812.47	77,783.01	
Station employes	6,764,466.96	5,664,207.95	1,100,259.01	
Weighing, inspection and demurrage bureaus	191,826.07	164,259.39	27,566.68	
Station supplies and expenses	407,226.20	351,957.65	55,268.55	
Yardmasters and yard clerks	1,025,711.71	873,179.33	152,532.38	
Yard conductors and brakemen	3,481,425.20	3,037,768.72	443,656.48	
Yard switch and signal tenders	196,779.26	166,080.56	30,698.70	
Yard enginemen	1,700,139.88	1,489,543.95	210,595.93	
Yard motormen	641,263.00	540,990.25	100,272.75	
Yard switching fuel	726,260.97	627,298.77	98,962.20	
Water for yard locomotives	108,808.34	98,354.93	10,453.41	
Lubricants for yard locomotives	39,034.57	33,616.66	5,417.91	
Other supplies for yard locomotives	30,665.03	30,539.23	125.80	
Engine-house expenses—Yard	362,012.29	319,560.66	42,451.63	
Yard supplies and expenses	70,918.29	61,653.95	9,264.34	
Operating joint yards and terminals—Dr	2,149,299.88	1,885,509.91	263,789.97	
Operating joint yards and terminals—Cr	Cr. 212,148.00	Cr. 208,404.13		$ 3,743.87
Train enginemen	5,368,340.93	4,506,504.22	861,836.71	
Train motormen	791,981.16	692,924.95	99,056.21	
Train fuel	5,914,607.50	4,996,081.98	918,525.52	
Water for train locomotives	469,131.54	427,845.79	41,285.75	
Lubricants for train locomotives	225,074.70	191,953.80	33,120.90	
Other supplies for train locomotives	98,455.20	75,358.85	23,096.35	
Engine-house expenses—Train	1,190,554.16	1,008,506.92	182,047.24	

COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31 — Cont.

	1942	1941	Increase	Decrease
Trainmen	$ 6,950,871.87	$ 5,896,772.84	$ 1,054,099.03	
Train supplies and expenses	2,787,366.47	2,311,584.92	475,781.55	
Signal and interlocker operation	451,809.69	417,767.50	34,042.19	
Crossing protection	417,519.89	345,941.55	71,578.34	
Drawbridge operation	22,540.11	18,293.35	4,246.76	
Telegraph and telephone operation	408,138.52	348,390.71	59,747.81	
Stationery and printing	180,271.37	161,219.96	19,051.41	
Other expenses	24,853.62	275,322.53		$ 250,468.91
Operating joint tracks and facilities—Dr.	379,530.84	355,141.13	24,389.71	
Operating joint tracks and facilities—Cr.	Cr. 242,245.94	Cr. 210,914.46		31,331.48
Insurance	25,380.73	16,232.99	9,147.74	
Clearing wrecks	92,852.82	48,489.00	44,363.82	
Damage to property	84,006.04	61,598.90	22,407.14	
Damage to live stock on right-of-way	78,593.32	69,285.79	9,307.53	
Loss and damage—Freight	669,761.69	456,783.78	212,977.91	
Loss and damage—Baggage	1,625.09	2,505.90		880.81
Injuries to persons	424,350.11	392,261.78	32,088.33	
Total transportation	$ 46,267,051.38	$ 39,526,885.80	$ 6,740,165.58	
Miscellaneous Operations				
Dining and buffet service	$ 1,646,426.03	$ 1,135,045.97	$ 511,380.06	
Hotels and restaurants	84,503.84	66,885.27	17,618.57	
Stockyards	319,464.33	150,456.04	169,008.29	
Producing power sold	43,479.83	38,603.87	4,875.96	
Total miscellaneous operations	$ 2,093,874.03	$ 1,390,991.15	$ 702,882.88	
General				
Salaries and expenses of general officers	$ 252,964.34	$ 238,855.26	$ 14,109.08	
Salaries and expenses of clerks and attendants	1,923,252.62	1,661,453.18	261,799.44	
General office supplies and expenses	95,505.48	86,335.21	9,170.27	
Law expenses	201,820.34	196,388.95	5,431.39	
Insurance	1,188.72	1,294.80		$ 106.08
Relief department expenses	63,194.69	52,916.37	10,278.32	

GENERAL—Cont.				
Pensions	$ 105,739.01	$ 103,276.16	$ 2,462.85	
Stationery and printing	64,681.44	58,832.03	5,849.41	
Valuation expenses	3,452.64	3,106.93	345.71	
Other expenses	132,222.29	150,118.16		$ 17,895.87
General joint facilities —Dr.	69,866.29	69,367.94	498.35	
General joint facilities —Cr.	Cr. 203.03	Cr. 210.56	7.53	
Total general	$ 2,913,684.83	$ 2,621,734.43	$ 291,950.40	
Transportation for investment —Credit		Cr. 242,421.90	242,421.90	
Total railway operating expenses	$ 99,415,696.28	$ 83,047,925.17	$ 16,367,771.11	
Operating Ratio	60.15	70.67		10.52
Net revenue from railway operations	$ 65,873,628.96	$ 34,473,430.12	$ 31,400,198.84	
Railway tax accruals	$ 26,192,996.34	$ 11,900,409.78	$ 14,292,586.56	
Railway operating income	$ 39,680,632.62	$ 22,573,020.34	$ 17,107,612.28	
RENT INCOME				
Rent from equipment	$ 438,999.60	$ 388,046.49	$ 50,953.11	
Joint facility rent income	607,116.26	494,956.05	112,160.21	
Total rent income	$ 1,046,115.86	$ 883,002.54	$ 163,113.32	
RENTS PAYABLE				
Rent for equipment	$ 666,948.22	$ 1,701,009.04		$ 1,034,060.82
Joint facility rents	2,886,117.02	2,620,008.79	$ 266,108.23	
Total rents payable	$ 3,553,065.24	$ 4,321,017.83		$ 767,952.59
Net rents	Dr.$ 2,506,949.38	Dr.$ 3,438,015.29		$ 931,065.91
Net railway operating income	$ 37,173,683.24	$ 19,135,005.05	$ 18,038,678.19	

No excess profits taxes accrued or were payable for years 1942 or 1941.

COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31 — Cont.

	1942	1941	Increase	Decrease
Other Income				
Income from lease of road and equipment	$ 162,512.08	$ 133,818.65	$ 28,693.43	
Miscellaneous rent income	494,126.82	525,917.91		$ 31,791.09
Miscellaneous nonoperating physical property	133,949.54	124,932.07	9,017.47	
Dividend income	207,164.30	180,585.30	26,579.00	
Income from funded securities	285,406.85	157,042.41	128,364.44	
Income from unfunded securities and accounts	64,965.35	73,851.90		8,886.55
Release of premiums on funded debt	17,930.21	15,529.44	2,400.77	
Miscellaneous income	10,277.00	11,444.30		1,167.30
Total other income	$ 1,376,332.15	$ 1,223,121.98	$ 153,210.17	
Total income	$ 38,550,015.39	$ 20,358,127.03	$ 18,191,888.36	
Miscellaneous Deductions from Income				
Miscellaneous rents	$ 11,420.22	$ 13,877.63		$ 2,457.41
Miscellaneous tax accruals	80,162.68	79,780.49	$ 382.19	
Separately operated properties—Loss	5,719.79	28,078.24		22,358.45
Miscellaneous income charges	5,345.00	6,791.07		1,446.07
Total miscellaneous deductions	$ 102,647.69	$ 128,527.43		$ 25,879.74
Income available for fixed charges	$ 38,447,367.70	$ 20,229,599.60	$ 18,217,768.10	
Fixed Charges				
Rent for leased roads and equipment	$ 91,570.05	$ 89,478.25	$ 2,091.80	
Interest on funded debt	9,268,118.69	9,334,464.76		$ 66,346.07
Interest on unfunded debt	290,672.57	235,443.09	55,229.48	
Amortization of discount on funded debt	150,086.68	151,071.85		985.17
Total fixed charges	$ 9,800,447.99	$ 9,810,457.95		$ 10,009.96
Net income	$ 28,646,919.71	$ 10,419,141.65	$ 18,227,778.06	
Dividend appropriations of income	$ 5,125,161.00	$ 3,416,774.00	$ 1,708,387.00	
Income balance transferred to Profit and Loss	$ 23,521,758.71	$ 7,002,367.65	$ 16,519,391.06	

COMPARATIVE STATEMENT OF PROFIT AND LOSS FOR YEARS ENDED DECEMBER 31

	1942	1941	Increase	Decrease
Debits:				
Surplus appropriated for investment in physical property	$ 18,113.56	$ 4,426.90	$ 13,686.66	
Debits from retired road and equipment	6,596,647.24	5,173,683.37	1,422,963.87	
Miscellaneous debits	216,109.62	273,785.43		$ 57,675.81
Credit balance carried to balance sheet	155,805,574.21	138,346,986.98	17,458,587.23	
	$ 162,636,444.63	$ 143,798,882.68	$ 18,837,561.95	
Credits:				
Credit balance at beginning of year	$ 138,346,986.98	$ 136,755,739.05	$ 1,591,247.93	
Credit balance transferred from income	23,521,758.71	7,002,367.65	16,519,391.06	
Credits from retired road and equipment	39,588.46	Dr. 6,091.80	45,680.26	
Donations	18,113.56	4,426.90	13,686.66	
Miscellaneous credits	709,996.92	42,440.88	667,556.04	
	$ 162,636,444.63	$ 143,798,882.68	$ 18,837,561.95	

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Burlington Route